

EXHIBIT J

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
-----x

KCG HOLDINGS, INC., and KCG
AMERICAS, LLC

Plaintiffs,

v.

ROHIT KHANDEKAR,

Defendant.

17 civ 3533(AJN) (GWG)
-----x

H I G H L Y C O N F I D E N T I A L

DEPOSITION OF SIMON YATES
Tuesday, October 3, 2017 - 1:33 p.m.
New York, New York

REPORTED BY:

Christina Diaz, CRR, RMR, CSR, CLR

Job Number: 19611

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2 he would like to run a small team of modelers
3 and work on signal generation.

4 Q. Did you understand him to have a
5 team of modelers working under him at KCG?

6 A. I did not.

7 Q. Did he discuss with you at that
8 breakfast in any -- you know, even in the
9 broadest terms what signals, predictors, type
10 things he was working at the KCG?

11 A. I don't recall. I do recall seeing
12 a broad description of the types of signals
13 that he had worked on in his résumé.

14 Q. Did you discuss any of those types
15 of signals?

16 A. Not that I recall.

17 Q. Did he discuss any other types of
18 signals that he wanted to work on? In other
19 words, ones that were not in his résumé but
20 essentially I would like to work on this type
21 of signal in the future?

22 A. Not that I recall.

23 Q. Did you express any interest in his
24 working on any particular type of signal or
25 predictor in the future?

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2 A. Yes.

3 Q. Tell me about that.

4 A. We have a large list of ideas that
5 we are aware of that we have not been able to
6 get 'round to researching and I would have
7 described some of those general types of
8 predictors that we were looking to look at.

9 Q. What were some of those general
10 types of predictors?

11 A. Predictors from microstructures such
12 as -- commonly known signals such as book
13 quote pressure or trade pressure, signals from
14 relationships between instruments like ETFs
15 and their constituents. I don't recall us
16 discussing in any detail the -- your question
17 was about high level areas.

18 Q. Any others that you recall at that
19 high level along those lines?

20 A. No.

21 Q. When you came back from that
22 breakfast, did you have any internal
23 discussions at Two Sigma regarding
24 Mr. Khandekar?

25 A. Not explicitly that I can recall

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2 been in this instance?

3 A. It would be the date on this form
4 here, very shortly before February 14, 2017.

5 Q. So if you look down to project A, it
6 says that, "Ensure that WMM tactic has
7 effectively implemented basic microstructure
8 models."

9 What is a basic microstructure
10 model?

11 A. Microstructure models look only to
12 the data of available inequity trading such as
13 prices or order books, quoted spreads. It
14 would be in contrast to a fundamental model
15 which might look at a company's earnings
16 growth.

17 Q. Would a microstructure model here be
18 a predictor?

19 A. Yes.

20 Q. So you are looking for Mr. Khandekar
21 to work on signals and predictors involving
22 trade imbalance, correct?

23 A. Correct.

24 Q. And quote imbalance?

25 A. (Nodding affirmatively).

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2 Q. Would that be the same as book
3 imbalance on unexecuted trades?

4 A. Book imbalance on displayed orders,
5 yes. Which are effectively unexecuted public
6 trades.

7 Q. What is meant by cross-sectional
8 clustering?

9 A. If a certain type of stock has
10 recently moved up, then similar type stocks
11 might be expected to move up shortly.

12 Q. Then if we look down to project B,
13 you had mentioned before seeing somewhere in a
14 résumé reference or somewhere to hidden
15 liquidity?

16 A. (Nodding affirmatively).

17 Q. Do you see it down here, do you
18 think that's what you were referring to?

19 A. I know what hidden liquidity is. I
20 wasn't referring to a comment on a résumé but
21 hidden liquidity is an industry term.

22 Q. Right. No. My question -- I have
23 no doubt you know what that means.

24 My question is: Earlier when we had
25 gone through a list of particular types of

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2 December 15th at Two Sigma.

3 MR. LANDSMAN: Just to be clear, I
4 believe you testified that you didn't
5 know whether you talked to him again the
6 second time.

7 THE WITNESS: Correct.

8 MR. LANDSMAN: So are you asking him
9 about his own recollection or what he
10 thinks may have been discussed in the
11 interviews?

12 MR. DEVANEY: He's also here as a
13 corporate representative.

14 MR. LANDSMAN: I just wanted to
15 clarify that.

16 MR. DEVANEY: Both. I am happy to
17 clarify and I should.

18 BY MR. DEVANEY:

19 Q. Did you learn that any of these were
20 discussed at -- on the December 15th meetings?

21 A. I believe there was a discussion
22 with Patrick Mullen about generic approach to
23 imbalance type forecasting.

24 Q. We might have been a little bit
25 unclear on that. Let me go back over some of

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2 Mr. Khandekar or others at KCG and

3 Mr. Khandekar, was anything other than a high

4 level discussion of the predictors that

5 Mr. Khandekar had worked on at KCG had?

6 MR. DEVANEY: Objection.

7 MR. LIPMAN: I am sorry. Let me ask

8 it again.

9 BY MR. LIPMAN:

10 Q. With regard to all the conversations

11 you have testified to today as between

12 yourself and Mr. Khandekar and anyone at Two

13 Sigma and Mr. Khandekar, was anything other

14 than a high level discussion of the work that

15 Mr. Khandekar was doing at KCG had?

16 MR. DEVANEY: Objection.

17 A. I can't speak to all of the

18 conversations that were had with everybody.

19 There were discussions of things not pertinent

20 to the predictors such as mathematic problems

21 and puzzles and such like.

22 BY MR. LIPMAN:

23 Q. But did any conversation that you

24 are aware of between anyone at Two Sigma and

25 Mr. Khandekar involve any details of the

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2 predictors he was working on?

3 A. No. Not that I am aware of.

4 Q. And as far as you know, all of the
5 conversations concerning Mr. Khandekar's work
6 at KCG were at a high level?

7 A. That's correct.

8 Q. That were proper to be had in the
9 context of an interview with a candidate for
10 the position such as Mr. Khandekar was
11 applying for?

12 A. Yes. I believe that's correct.

13 Q. In any of the conversations that you
14 had with Mr. Khandekar or, to your knowledge,
15 the conversations that anyone else at Two
16 Sigma had with Mr. Khandekar, did
17 Mr. Khandekar reveal any of what you would
18 consider to be confidential information
19 concerning KCG?

20 A. No. He did not.

21 Q. Without specifying the exact
22 exhibits, we did see a number of exhibits in
23 which you expressed enthusiasm about
24 Mr. Khandekar coming to Two Sigma, right?

25 A. Correct.